

# ITEL

## Rail Division

Two Embarcadero Center  
San Francisco, California 94111  
(415) 955-9090  
Telex 34234

RECORDATION NO. 10032 Filed 1425

JUN 15 1982-3 25 PM

INTERSTATE COMMERCE COMMISSION

June 2, 1982

Ms. Agatha Mergenovich, Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

2-166A127

No.

Date JUN 15 1982

Fee \$ 10.00

ICC Washington, D. C.

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. Section 11303(a) and the Interstate Commerce Commission's rules and regulations thereunder, I enclose herewith on behalf of Itel Corporation for filing and recordation under the Lease Agreement dated as of July 26, 1978 (the "Lease") between Itel Corporation, Rail Division ("Itel") and Valley and Siletz Railroad Company ("Lessee"), which was filed on January 19, 1979 at 2:10 P.M. and given recordation No. 10032, four counterparts of the following document:

Amendment No. 3 (the "Amendment") dated as of  
March 1, 1982 to the Lease between Itel and Lessee.

The names and addresses of the parties to the aforementioned Amendment  
are:

1. Valley Siletz Railroad Company  
P.O. Box 7747  
Boise, Idaho 83707
2. Itel Corporation, Rail Division  
Two Embarcadero Center, 24th Floor  
San Francisco, CA 94111

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FED. OPERATION BR.

The equipment covered by the Amendment is thirty (30) 100-ton boxcars (A.A.R. mechanical designation XP, 50'6" in length), bearing the reporting marks VS 2000-2029.

*Carroll*  
*John Mergenovich*

Ms. Agatha Mergenovich, Secretary  
June 2, 1982  
Page Two

Also enclosed is a check in the amount of \$10.00 for the required recording fee.

Please stamp all counterparts of the enclosed Amendment with your official recording stamp. You will wish to retain one (1) counterpart of the document for your files; it is requested that the remaining three (3) counterparts be delivered to the bearer of this letter.

Sincerely,



Patricia Salas Pineda  
Counsel

PSP:dmm  
Enclosures

cc: Michael Walsh, Esq.  
Weil, Gotshal & Manges  
767 Fifth Avenue  
New York, New York 10020

Robert S. Clark, Esq.  
Senior Trust Officer  
First Security Bank of Utah, N.A.  
Corporate Trust Division  
79 South Main Street  
Salt Lake City, Utah 84111

Doug Drummond  
Itel Corporation

Linda Lawrence  
Itel Corporation

L-0259  
2/24/82

RECORDATION NO. 10032-8 Filed 1425

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AMENDMENT NO. 3

INTERSTATE COMMERCE COMMISSION

THIS AMENDMENT NO. 3 (the "Amendment") to that certain Lease Agreement (the "Lease") made as of July 26, 1978 between ITEL CORPORATION, RAIL DIVISION ("Itel") and VALLEY AND SILETZ RAILROAD COMPANY ("Lessee") is made this 1st day of March, 1982 by and between Itel and Lessee.

W I T N E S S E T H :

WHEREAS, Itel and Lessee are parties to the Lease pursuant to which one hundred fifty (150) boxcars bearing the reporting marks VS 2000-2149 have been leased and delivered by Itel to Lessee;

WHEREAS, Itel and Lessee agree that it is to their mutual benefit to place for a period of time thirty (30) of said boxcars into an assignment pool on the railroad line of another party in order to improve the utilization of and revenue from the said 30 boxcars.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree to amend the Lease as follows:

1. All terms defined in the Lease shall have their defined meanings when used in this Amendment.
2. Item 2.K. on Schedule A, as amended by Amendment No. 2 and which is attached to and incorporated into the Lease, shall be deleted in its entirety and shall be replaced by the following:

"2.K.(i)(a) The mechanical designation of thirty (30) boxcars bearing the reporting marks VS 2000-2029 (hereinafter collectively called "30 Boxcars") shall be changed and remarked from 'XM' to 'XP' at Itel's expense. In addition, Itel shall, at its sole expense, modify the 30 Boxcars structurally so that they qualify for 'XP' mechanical designation pursuant to the rules of the Association of American Railroads.

(b) If, at any later date, Itel should desire to change the mechanical designation of any of the 30 Boxcars, Itel shall be entitled to do so at its expense. Upon any such remarking and redesignation, Itel shall attach to this Amendment a Certificate of Change, to be made a part hereof, describing both the previous and current mechanical designation of any of the 30 Boxcars.

(ii) The Boxcars bearing the reporting marks VS 2030-2099 shall have, and be marked with, the mechanical designation 'XM'.

(iii) The Boxcars bearing the reporting marks VS 2100-2149 shall have, and be marked with, the mechanical designation 'XP'."

3. A. Itel and Lessee agree that the 30 Boxcars should be placed for a period of time as specified in the Assignment Agreement (as hereinafter defined)

into an assignment pool on the railroad lines of Illinois Central Gulf Railroad Company ("ICG") in order to improve the utilization of and revenue from the 30 Boxcars.

- B. For the purposes of paragraph 15 of the Lease, Itel hereby grants Lessee full power and authority to enter into, in the name of Lessee, an assignment agreement (to be hereinafter referred to as "Assignment Agreement") with ICG covering the 30 Boxcars. Under said Assignment Agreement, Lessee shall be empowered to place the 30 Boxcars in the possession of said ICG with the right in said ICG to utilize the 30 Boxcars in interline revenue service under Lessee's reporting marks. Such Assignment Agreement shall contain such terms and conditions as Itel shall agree to, provided, however, Lessee shall take appropriate action to terminate the Assignment Agreement on the date of the next termination opportunity upon receiving instructions from Itel to do so. Such Assignment Agreement shall be acceptable if it is in the form of Exhibit A. *RAS*
- C. The Lease shall remain in effect with respect to all of the boxcars subject to the Lease, including the 30 Boxcars, provided that, with respect to the 30 Boxcars, Section 7 of the Lease shall be amended by the substitution of the number "100%" in lieu of the number "90%" each time that it appears during the period from the compliance date ("Compliance Date" as hereinafter defined) to and including the expiration or termination date of the Assignment Agreement (to be hereinafter referred to as the "Ending Date"). Section 7 of the Lease shall be reinstated as it originally appears with respect to the 30 Boxcars upon the Ending Date. The Compliance Date, with respect to each of the 30 Boxcars, shall be the date on which the Assignment Agreement is executed according to the terms and conditions set forth by Itel. *End*
- D. Nothing herein contained shall (i) be deemed to constitute a waiver or otherwise modify, affect or impair any sums due to Itel or Lessee with respect to any of the 30 Boxcars under the terms and conditions of the Lease with regard to any period of time prior to the Compliance Date or after the Ending Date, or (ii) be deemed to constitute a waiver or otherwise modify, affect or impair the powers, rights, or remedies vested in or available to Itel or Lessee with respect to any of the 30 Boxcars under the terms and conditions of the Lease with regard to any period of time prior to the Compliance Date or after the Ending Date.
4. Nothing set forth in this Amendment with respect to the Lease represent a waiver by the parties hereto of any rights under the Lease or the Bankruptcy Code and is not an assumption of the Lease under the Bankruptcy Code, and in the event of rejection of the Lease by order of the Bankruptcy Court under the Bankruptcy Code, Lessee may claim pre-petition damages, if any, with respect to such rejection of the Lease.
5. Except as expressly modified by this Amendment, all terms and provisions of the Lease shall remain in full force and effect.

6. This Amendment may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

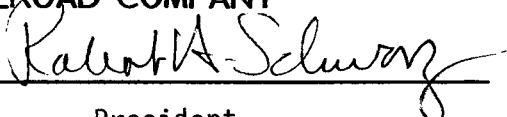
ITEL CORPORATION,  
RAIL DIVISION

By: 

Title: President

Date: 4-20-82

VALLEY AND SILETZ  
RAILROAD COMPANY

By: 

Title: President

Date: April 14, 1982

## EXHIBIT A

April 8, 1982

Mr. D. D. Hagestad  
Vice President Car Management  
Illinois Central Gulf Railroad Company  
233 North Michigan Avenue  
Chicago, Illinois 60601

Dear Mr. Hagestad:

Please accept this letter as the agreement ("Assignment Agreement") whereby Valley & Siletz Railroad Company ("VS") shall supply the Illinois Central Gulf Railroad Company with up to thirty (30) fifty-foot, 100-ton XP boxcars bearing reporting marks VS 2000-2029 ("Boxcar(s)") and the ICG shall place said Boxcars into an assignment pool on ICG's railroad line under Car Service Directive 165.

The term of this Assignment Agreement with respect to each Boxcar shall commence on the date that such Boxcar is interchanged to ICG, and shall expire as to all the Boxcars one (1) year from the date the fifteenth (15th) Boxcar is delivered to ICG ("Initial Term"). This Assignment Agreement shall be automatically extended for an additional period of one (1) year ("Extended Term") provided, however, that either VS or ICG may terminate this Assignment Agreement, effective as of the end of the Initial Term, upon written notice delivered to the other party not less than thirty (30) days prior to the end of the Initial Term. During the Extended Term, either VS or ICG may terminate this Assignment Agreement upon thirty (30) days prior written notice delivered to the other party. This Assignment Agreement may be extended beyond the Extended Term only upon the mutual agreement of the parties hereto.

Each Boxcar shall be deemed delivered from VS to ICG upon the interchange of such Boxcar to ICG. ICG shall not make any alterations to the Boxcars without VS's prior written consent.

It is understood and agreed that during the term of this Assignment Agreement, ICG's only obligation with regard to the Boxcars placed into assigned pool service hereunder shall be (i) the payment of such per diem and mileage payments required of ICG by the Code of Car Hire Rules and Interpretations-Freight and as directed in the current edition of the Official Railway Equipment Register, (ii) compliance with the handling carrier's obligations under AAR Interchange Rules while the Boxcars are in ICG's possession, and (iii) the obligations upon expiration or termination of this Assignment Agreement set forth below. ICG shall be entitled to a per diem and mileage reclaim allowance for each day any Boxcar is on ICG's railroad line in an empty condition or loaded by ICG with freight having a destination off the lines of ICG. The ICG shall not be entitled to a reclaim allowance for any day that any Boxcar is loaded with freight having a destination on ICG's lines. Said reclaim allowance shall be substantiated by car location movement (CLM) records on a daily basis.

Mr. D. D. Hagestad  
April 8, 1982  
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Upon the expiration or termination of this Assignment Agreement, ICG shall ensure that the Boxcars are in interchange condition, normal wear and tear excepted, and shall remove the Boxcars from Car Service Directive 165. Thereafter, ICG as directed by VS, shall either provide final outbound loads for each of the Boxcars or transport empty any or all of the Boxcars, at ICG's expense, to any ICG interchange point designated by VS.

ICG recognizes that VS' rights and ICG's rights are subject and subordinate to the rights of any lessor, owner or secured party with respect to the Boxcars, but VS hereby expressly represents and covenants that it has full authority to make this Assignment Agreement.

We trust this Assignment Agreement will assist you in meeting your equipment requirements in the coming months.

Please indicate your concurrence to the above terms and conditions by signing below and arrange to have the original returned to me.

Sincerely,

Robert H. Schwarz  
President  
Valley & Siletz Railroad Company

I CONCUR:

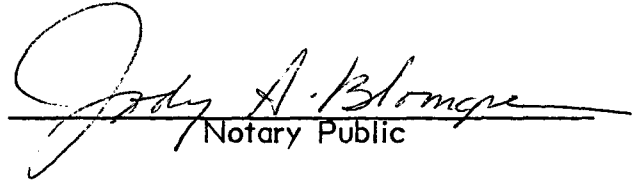
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D. D. Hagestad, Vice President Car Management  
Illinois Central Gulf Railroad Company

STATE OF CALIFORNIA

**SS:**

On this 20<sup>th</sup> day of April, 1982, before me personally appeared



STATE OF Idaho

**SS:**

On this 14th day of April, 1982, before me personally appeared

Robert H. Schwarz, to me personally known, who being

by me duly sworn says that such person is \_\_\_\_\_ President \_\_\_\_\_ of Valley and Siletz Railroad Company, that the foregoing Amendment No. 3 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

~~Notary Public~~